

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6855

BILL NUMBER: HB 1442

NOTE PREPARED: Jan 10, 2009

BILL AMENDED:

SUBJECT: Ethanol-Blended Gasoline.

FIRST AUTHOR: Rep. Pearson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that after 2009 gasoline must contain at least 10% ethanol unless the gasoline is used in watercraft, airplanes, motor sports racing, off-road vehicles, registered antique vehicles, snowmobiles, or small engines. It specifies how gasoline sold for the exempted purposes must be stored, identified, and sold.

The bill provides that it is a Class D infraction to impermissibly use gasoline that does not contain at least 10% ethanol. It also provides that it is a Class C infraction to offer gasoline that does not contain at least 10% ethanol for sale to the public in violation of the new restrictions.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Impact on Gasoline Tax and Sales Tax Revenue:* By requiring that gasoline sold for motor vehicles have a minimum content of 10% ethanol, this bill could have an indeterminable impact on gasoline prices, gasoline sales, gasoline tax revenue, and sales tax collections. The impact of this mandate will depend primarily on the price of E10 gasoline relative to regular gasoline. If ethanol prices are high, this mandate would increase gasoline prices, decrease gasoline sales, and decrease sales tax and gasoline tax revenue. If ethanol prices are low, this mandate would decrease gas prices, increase gasoline sales, and increase sales tax and gasoline tax revenue.

Penalty Provision: The bill requires that effective July 1, 2009, gasoline sold for motor vehicles must have a minimum content of 10% ethanol. A person who violates this provision commits a Class D infraction. The

maximum judgment for a Class D infraction is \$25, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

The bill also provides that noncompliant gasoline purchased for use in a small engine must be dispensed into a container with a capacity of not more than six gallons. A violation of this provision is a Class C infraction. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Diana Agidi, 317-232-9867.